A Why, How and What in Humanistic Management

Humanistic Management Center
Addressing the root cause of global socio-economic challenges
"Insanity is doing the same thing over and over again but expecting different results."

Business as usual will not solve the problems we face as a global community. We need business as unusual.
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## Amartya Sen’s starting point

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</thead>
<tbody>
<tr>
<td>Sri Lanka</td>
<td>320</td>
<td>69</td>
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<td>69</td>
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<td>65</td>
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(Sen, 1985)
If the world were 100 people

50 would be female
50 would be male

26 would be children
There would be 74 adults, 8 of whom would be 65 and older

48 would live on less than $2 USD per day
1 out of 2 children would live in poverty

7 would have a college degree
22 would own or share a computer

78 would have electricity
22 would not

87 would have access to safe drinking water
13 people would have no clean, safe water to drink

7 would have a college degree
22 would own or share a computer

83 would be able to read and write
17 would not

1 would be dying of starvation
15 would be undernourished
21 would be overweight

77 people would have a place to shelter them from the wind and the rain, but 23 would not

www.100people.org
Finding solutions to the most pressing challenges we face today will also depend on the positive impact business makes.

Business is currently seen as part of the problem by most of the world’s population; we need to reverse this and make business part of the solution.

Organizational Well being

Three types of employees

1. **ENGAGED** employees work with passion and feel a profound connection to their company. They drive innovation and move the organization forward.

2. **NOT-ENGAGED** employees are essentially "checked-out". They're sleepwalking through their workday, putting time – but not energy and passion – into their work.

3. **ACTIVELY DISENGAGED** employees aren't just unhappy at work; they're busy acting out their unhappiness. Every day, these workers undermine what their engaged coworkers accomplish.

## Credibility of spokespeople

<table>
<thead>
<tr>
<th>Role</th>
<th>Percentage</th>
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<tr>
<td>Academic or expert</td>
<td>68%</td>
</tr>
<tr>
<td>Technical expert in the company</td>
<td>66%</td>
</tr>
<tr>
<td>A person like yourself</td>
<td>65%</td>
</tr>
<tr>
<td>Regular employee</td>
<td>50%</td>
</tr>
<tr>
<td>NGO representative</td>
<td>50%</td>
</tr>
<tr>
<td>Financial or industry analyst</td>
<td>46%</td>
</tr>
<tr>
<td>CEO</td>
<td>38%</td>
</tr>
<tr>
<td>Gov't official or regulator</td>
<td>29%</td>
</tr>
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</table>

Over 60% of the informed global public do not think business leaders are trustworthy and over 70% do not think political leaders are trustworthy.
Why Humanistic Management?

We need to reward the creation of value - not the extraction of value nor the trading of value.
We need to use markets more wisely

**Situation:**
The combination of democratic government and market economies has had a hugely liberating effect on the individual and has created unprecedented wealth in the rich parts of the world.

**Consequence:**
We are talking about the negative side effects of a big success story. However these have become too grave to be ignored.

**Complication:**
We are facing a situation where the natural capacity of the planet as well as the inequality in wealth distribution is stretched to the point where we are biting the hand that feeds us.

**Why Humanistic Management?**
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How Humanistic Management?

Mental Framing  

Drivers

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Mental Framing

B2G
Mental Framing

H2H
Mental Framing

Human2Human
Mental Framing

Human-centred organizations operate under a mental framing that sees business first and foremost as human interaction.

Business is people working with people to create value for people.
Drivers

- Purpose & Legitimacy
- Passion & Integrity
- Empathy
Drivers: Purpose

Your purpose as a business is not what you do but why you do it and why society wants you to do it.

"Too many people think only of their own profit. But business opportunity seldom knocks on the door of self-centered people. No customer ever goes to a store merely to please the storekeeper."

Kazuo Inamori: founder of Kyocera
Drivers: Legitimacy

You gain legitimacy as a business if your purpose, and the values that guide the way in which you pursue it are seen as desirable by society at large.

“Free enterprise cannot be justified as being good for business. It can be justified only as being good for society“

Peter Drucker: management guru
Drivers: Passion

Passion is a reality when you are walking the extra mile without noticing it because anything less would feel wrong.

“Passion isn't something that lives way up in the sky, in abstract dreams and hopes. It lives at ground level, in the specific details of what you're actually doing every day.”

Markus Buckingham: business author
Drivers: Integrity

Integrity means to do what you say and say what you do and to constantly work towards the unity of both.

“As an entrepreneur, a reputation for integrity is your most valuable commodity. If you try to put something over on someone, it will come back to haunt you.“

Victor Kiam: Former owner of Remington Products
Drivers: Empathy

Empathy describes the capacity to imagine being in other people’s position; it allows you to know what aims and needs others have, what makes them comfortable and what makes them upset.

“If there is any one secret of success, it lies in the ability to get the other person’s point of view and see things from that person’s angle as well as from your own.“

Henry Ford: founder of Ford Motor Company
Drivers

Human-centred organizations are purpose driven and legitimacy seeking, their members are passionate with integrity and are doing what they do with empathy.
Management Paradigm

Three – stepped approach to humanistic management

1. Unconditional respect for human dignity

2. Integration of ethical reflection in management decisions

3. Active and ongoing engagement with stakeholders
Management Paradigm

Three – stepped approach to humanistic management

1

Unconditional respect for human dignity

- We rightfully expect our dignity respected under all circumstances, also in business environments
- Managerial tasks are frequently defined in ways that view people as instruments (human resources / human capital) rather than human beings
- A human centered management paradigm embraces each person as an end in itself, as worthy in him / herself
- It lays the foundation for aligning business goals and societal benefit to generate positive impact on both, the business and society at large
Management Paradigm

Three – stepped approach to humanistic management

1. We need to move from corrective to integrative business ethics
2. Business as usual based on a singular success criteria is no longer an option as key stakeholders increasingly view it as ill-conceived
3. A human centered management paradigm integrates the triple bottom line into managerial decision making
4. Integrating strong values in management decisions leads to building fundamentally sustainable businesses from the core

Integration of ethical reflection in management decisions
Management Paradigm

Three – stepped approach to humanistic management

3

Active and ongoing engagement with stakeholders

• Stakeholder engagements do not always deliver desired results for either the business or stakeholders involved
• Productive stakeholder relationships are based on recognizing the intrinsic value of claims while refraining from an instrumental view on stakeholders

• In a human centered management paradigm stakeholders have a right to be heard and their concerns are genuinely taken serious
• In successful stakeholder engagements the power of the better argument supersedes factual power which in turn creates legitimacy and delivers innovation
Management Paradigm

Human-centred organizations

Have unconditional respect for human dignity,

Integrate ethical reflection into management decisions

and actively engage with their stakeholders
How Humanistic Management?

Mental Framing

All Business is Human 2 Human Business

Drivers

Purpose & Legitimacy
Passion & Integrity
Empathy

Management Paradigm

Human Dignity
Integrative Ethics
Stakeholder Engagement
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The Humanistic Management Network

Protecting Human Dignity
Promoting Human Well Being
The Humanistic Management Center

**Knowledge generation:** Co-editing and contributing to books

**Knowledge generation:** Research Papers

**Knowledge generation:** Journalistic and other writings
The Humanistic Management Center

Knowledge dissemination: Internet Presence

• Approx. 15’k unique visits / month
• Twitter & Linked In
• Presence on various online networks

Knowledge dissemination: University teaching, guest lectures and conferences

Knowledge dissemination: Executive education
The Humanistic Management Center

Knowledge application: Advisory services

[Logos of various companies and organizations]
Humanistic Management Center
From Principles to Practice

Think Tank | Learning Institution | Advisory Firm